



August 9, 2023

Subject : Management Discussion and Analysis for 3 months and 6 months ended June 30, 2023

To : The President,
The Stock Exchange of Thailand

Applied DB Public Company Limited (the “Company” or “we” or “our”) would like to submit the management discussion and analysis for the Company results of operations for three months and six months ended June 30, 2023 as follows;

**Management Discussion and Analysis for the 2nd Quarter of 2023
Ended June 30, 2023**

Applied DB Public Company Limited (the “Company”) or (“ADB”) is one of the leading manufacturers and distributors of plastic compound and industrial adhesive and sealant products to our main customers located in Thailand and overseas. The main customers are from the industrial sectors, located in ASEAN, Middle East, Africa, Europe and South America, that use our products in their production process. Besides, the Company also manufactures and sells the products under the Company’s brands and also under customers’ brands. Our revenue depends highly on an industrial growth leading by each industrial sector that uses the Company’s products in the production process such as wire and cable industry, real estate and construction industry, shoes and leathers industry. In addition, the demand of products also leads by the economic condition, private sector investments and government bidding projects. In 2022, the Company has implemented corporate restructuring plan with the transfer of a portion of the Company business to ADB Sealant Co., Ltd. (ADBS). The business segments that were transferred to the new company include adhesive segment and Sealant & DIY segment in order to increase the efficiency of the operation in the company as well as increasing competitiveness. The partial business transfer to ADB Sealant Co., Ltd. is legally effective on February 1, 2023 with the registered capital of THB 50.00 million. ADB currently holds 99.99% shares in ADBS. After restructuring, the business operation can be classified into 2 major categories, 1) Applied DB Public Company Limited, operated in Compound Business. The compound business segment can be classified into 3 subcategories including 1.1) Wire and Cable PVC (Plastic compound used in wire and cable industry); 1.2) General Grade PVC (Plastic compound used in general applications, Rigid PVC, and Polypropylene Split Yarn (PPY) and 1.3) Medical Grade PVC). 2) ADB Sealant Co., Ltd. operated in Adhesive & Sealant Business. The Sealant business segment can be classified into 3 subcategories including 2.1) Adhesive for customers in shoe and leather and furniture business. 2.2) Silicone Business for both cartridges and commercial use and 2.3) DIY Products



Performance Analysis

Table 1 : Financial Performance of Q2/2023 compared to Q2/2022

| | Quarter 2/2022 | | Quarter 2/2023 | | Changes +,- | |
|--|----------------|--------------|----------------|--------|-------------|----------|
| | MB | % | MB | % | MB | % |
| Revenue from Sales | 551.22 | 99.18 | 388.47 | 98.46 | (162.75) | (29.53) |
| Cost of Sales | 493.96 | 88.88 | 348.51 | 88.33 | (145.45) | (29.45) |
| Gross Profit | 57.26 | 10.30 | 39.96 | 10.13 | (17.30) | (30.21) |
| Other Income | 2.39 | 0.43 | 3.52 | 0.89 | 1.13 | 47.28 |
| Net Foreign Exchange Gain | 2.15 | 0.39 | 2.57 | 0.65 | 0.42 | 19.53 |
| Profit Before Expenses | 61.79 | 11.12 | 46.05 | 11.67 | (15.74) | (25.47) |
| Distribution Costs | 22.88 | 4.12 | 15.75 | 3.99 | (7.13) | (31.16) |
| Administrative Expenses | 25.79 | 4.64 | 61.54 | 15.60 | 35.75 | 138.62 |
| Total SG&A | 48.67 | 8.76 | 77.29 | 19.59 | 28.62 | 58.80 |
| Earnings before interest and tax | 13.12 | 2.36 | (31.24) | (7.92) | (44.36) | (338.11) |
| Financial Costs | 3.25 | 0.58 | 4.75 | 1.20 | 1.50 | 46.15 |
| Profit before tax expenses | 9.87 | 1.78 | (35.99) | (9.12) | (45.86) | (464.64) |
| Tax expenses | 2.06 | 0.37 | (7.20) | (1.82) | (9.26) | (449.51) |
| Net Income | 7.81 | 1.41 | (28.79) | (7.30) | (36.60) | (468.63) |
| Other Comprehensive Income | (0.02) | 0.00 | 0.10 | 0.03 | 0.12 | (600.00) |
| Total Comprehensive Income for the period | 7.80 | 1.40 | (28.69) | (7.27) | (36.49) | (467.82) |

*% is the proportion to the total revenue

On the 2nd quarter of 2022 and 2023, our total revenue was THB 555.76 million and THB 349.56 million, respectively. From those amounts, revenue from sales was accounted of THB 551.22 million and THB 388.47 million, respectively, which represented the decrease of THB (162.75) million, or (29.53%). The lower revenue was mainly attributed to the decrease in Compound Business for THB (112.10) million, or (35.09)% of total Plastic Compound Revenue driven by the lower revenue of Compound products sold to wire and cable companies due to the delay of the government projects invested in the infrastructure and electrical supplies due to the delay of the new coalition after the election and lower selling price due to the weak demand of wire cable and chemical price during the first half of 2023. Beside Wire & Cable Graded PVC, General Graded PVC also decreased for the amount of THB (34.09) million from lower demand and delay from customers' orders. However, our Medical Graded PVC products contributed to the increase of THB 4.33 million, or +6.07% compared to the same period of last year, led by the demand of medical compound products to be used for medical applications such as blood infusion tube, bleeding bag sold to our partner, Showa Global (Thailand) Co., Ltd. Our revenue from adhesive products also increased for THB +4.88 million, or +6.60%. In Sealant and DIY Business, our revenue provided lower revenue of THB (45.76) million during the past 6 months or (28.99)% compared to the same period of last year. The major revenue in Sealant & DIY business was lower due to less customers' orders from Sealant and related products.



Management Discussion and Analysis for the six months ended
June 30, 2023

Table 2 : Statement of Financial Position as at 30 June 2022 and 2023

| | 1H 2022 | | 1H 2023 | | Changes +,- | |
|--|---------------|-------------|----------------|---------------|----------------|--------------------|
| | MB | % | MB | % | MB | % |
| Revenue from Sales | 1,100.63 | 98.93 | 842.18 | 99.05 | (258.45) | (23.48) |
| Cost of Sales | 1,005.46 | 90.37 | 762.15 | (89.64) | (243.31) | (24.20) |
| Gross Profit | 95.17 | 8.55 | 80.03 | 9.41 | (15.14) | (15.91) |
| Other Income | 7.32 | 0.66 | 6.07 | 0.71 | (1.25) | (17.08) |
| Net Foreign Exchange Gain | 4.62 | 0.42 | 2.02 | 0.24 | (2.60) | (56.28) |
| Profit Before Expenses | 107.11 | 9.63 | 88.12 | 10.36 | (18.99) | (17.73) |
| Distribution Costs | 46.09 | 4.14 | 35.91 | (4.22) | (10.18) | (22.09) |
| Administrative Expenses | 54.47 | 4.90 | 94.85 | (11.16) | 40.38 | 74.13 |
| Total SG&A | 100.56 | 9.04 | 130.76 | (15.38) | 30.20 | 30.03 |
| Earnings before interest and tax | 6.55 | 0.59 | (42.64) | (5.01) | (49.19) | (750.99) |
| Financial Costs | 5.55 | 0.50 | 9.19 | (1.08) | 3.64 | 65.59 |
| Profit before tax expenses | 0.99 | 0.09 | (51.84) | (6.10) | (52.83) | (5,336.36) |
| Tax expenses | 0.73 | 0.07 | (4.67) | 0.55 | (5.40) | (739.73) |
| Net Income | 0.27 | 0.02 | (47.16) | (5.55) | (47.43) | (17,566.67) |
| Other Comprehensive Income | 0.22 | 0.02 | 0.01 | 0.00 | (0.21) | (95.45) |
| Total Comprehensive Income for the period | 0.49 | 0.04 | (47.15) | (5.55) | (47.64) | (9,722.45) |

*% is the proportion to the total revenue

Sales Revenue

For the six months ended June 30, 2022 and 2023, our total revenue was THB 1,112.57 million and THB 850.27million, respectively. From those amounts, revenue from sales was accounted of THB 1,100.63 million and THB 842.18 million, respectively, which represented the decrease of THB (258.45) million, or (23.48%) The decrease in revenue was mainly attributed to the decrease of revenue from Compound Segment that went down for THB (226.76) million, or (33.90%) compared to the same period of 1H/2022. The lower revenue led by the demand of Wire & Cable PVC went down for THB (204.21) million or (50.07%) compared to the same period of 1H/2022. The majority revenue of Wire & Cable segments is to target to large wire and cable manufacturers, which supply the products to both government projects invested in the infrastructure and electrical supplies due to the delay of the new coalition after the election and lower selling price due to the weak demand of wire cable and chemical price during the first half of 2023. Furthermore, For General Grade PVC, it also experienced weaken demand of THB (44.19) million, or went down of (35.61%) from its revenue 1H/2022. However, pharmaceutical graded compound products to be used for medical applications such as blood infusion tube, bleeding bag sold to our partner, Showa Global (Thailand) Co., Ltd. provided the solid growth of THB +21.64 million with less impact from global economic slowdown. Additionally, revenue from our Adhesives and Sealant Business also increased for from THB 143.85 million to the total of THB 151.45 million, compared to 1H/2022. Those segment revenue was mainly driven by the growth of Adhesive



products for THB +7.60 million from 1H/2022, or 5.28% of its 1H/2022 revenue. However, the revenue of Sealant and DIY products decreased for THB (39.29) million, or (13.65%) as those segments have been impacted from the global economic slowdown and price competitions. When we combined our revenue from 3 Business Segments, the revenue of Compound Business, Adhesive and Sealant Business was THB 442.23 million, THB 151.45 million and THB 248.50 million, or 53:18:29 respectively, compared to the revenue of the 1H/2022 was at 61:13:26

Table 3 : Revenue breakdown by Business – for the six-month period ending June 30

| Revenue of Business | For six-month period | | | | Increase (decrease) | |
|--|----------------------|---------------|---------------|---------------|---------------------|----------------|
| | Jan-Jun 2022 | | Jan-Jun 2023 | | | |
| | MB | % | MB | % | MB | % |
| Wire and Cable PVC | 407.85 | 37.06 | 203.64 | 24.18 | (204.21) | (50.07) |
| General Grade PVC | 124.09 | 11.27 | 79.90 | 9.49 | (44.19) | (35.61) |
| Medical Graded PVC | 137.05 | 12.45 | 158.69 | 18.84 | 21.64 | 15.79 |
| Total Plastic Compound Business | 668.99 | 60.78 | 442.23 | 52.51 | (226.76) | (33.90) |
| Adhesive | 143.85 | 13.07 | 151.45 | 17.98 | 7.60 | 5.28 |
| Total Adhesive Business | 143.85 | 13.07 | 151.45 | 17.98 | 7.60 | 5.28 |
| Silicone | 181.54 | 16.49 | 154.69 | 18.37 | (26.85) | (14.79) |
| DIY | 90.08 | 8.18 | 91.86 | 10.91 | 1.78 | 1.98 |
| Related Products | 16.17 | 1.47 | 1.95 | 0.23 | (14.22) | (87.94) |
| Total Silicone & Sealant Business | 287.79 | 26.14 | 248.50 | 29.51 | (39.29) | (13.65) |
| Total Revenue | 1,100.63 | 100.00 | 842.18 | 100.00 | (258.45) | (23.48) |

In terms of main customer types by industry from the past 6 months, approximately 70.82% of our revenue were classified under Real Estate and construction including Plastic compound and Sealant products. For the Plastic Compound group, the Company main targets are large wire and cable manufacturers who supply the products to both government projects and industry group in Real Estate and Construction segment. Furthermore, our General Graded PVC has also supported customers in those segments as well. For the sealant products, the main target group was the private sector in construction segment, while 9.60% of sales derived from Shoes and Leathers Industry selling under adhesive products. The demand of adhesive materials to be used in this segment has rebounded from last year as we have been focusing on the oversea markets especially in Nigeria in Africa, and Pakistan in South Asia, and other countries such as Vietnam, Myanmar, Cambodia, Nepal and Singapore; all of those areas were our target oversea markets for Adhesive products. For automotive segment, it was accounted of 8.38% of total revenue, of which, most of the products were small package products for household use (DIY). The product applications were widely used in the decoration, repairment and parts and accessories of Automotive assembling industry. The rest of 11.24% was attributed to other industries.



Table 4 : Revenue by Industry – for the six-month period ending June 30

| Revenue by Industry | For the three-month period | | | | For the six-month period | | | |
|------------------------------|----------------------------|--------|--------------|--------|--------------------------|--------|---------------|--------|
| | Apr-Jun 2022 | | Apr-Jun 2023 | | Jan-Jun 2022 | | Jan-June 2023 | |
| | MB | % | MB | % | MB | % | MB | % |
| Real Estate and Construction | 386.52 | 70.12 | 278.65 | 71.73 | 786.58 | 71.47 | 596.45 | 70.82 |
| Shoes and Leathers | 49.75 | 9.03 | 33.39 | 8.60 | 103.74 | 9.43 | 80.44 | 9.55 |
| Automotives | 52.99 | 9.61 | 32.62 | 8.40 | 87.24 | 7.93 | 70.61 | 8.38 |
| Others | 61.96 | 11.24 | 43.81 | 11.28 | 123.07 | 11.18 | 94.68 | 11.24 |
| Total Revenue | 551.22 | 100.00 | 388.47 | 100.00 | 1,100.63 | 100.00 | 842.18 | 100.00 |

In terms of revenue breakdown by geography, in 1H/23, revenue from local customers was THB 650.70 million from the total revenue of THB 842.18 million, or accounted for 77.26% million of total revenue from 1H/2023. The decrease of local revenue was mainly attributed to the decrease in Compound products sold to wire and cable companies as the mega project's investment in the infrastructure and electrical supplies. While, the oversea customers also provided the solid growth in Nigeria, and Bangladesh. These export segments were attributed to the weak demand and price competition due to the downstream of chemical material price globally.

Table 5 : Revenue by Geographical segments

| Geographical Segments | Apr-Jun 2022 | | Apr-Jun 2023 | | Jan-Jun 2022 | | Jan-Jun 2023 | |
|-----------------------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|
| | MB | % | MB | % | MB | % | MB | % |
| Thailand | 420.14 | 76.22 | 296.30 | 76.27 | 852.45 | 77.45 | 650.70 | 77.26 |
| Nigeria | 13.10 | 2.38 | 13.91 | 3.58 | 29.50 | 2.68 | 33.28 | 3.95 |
| Kenya | 13.79 | 2.50 | 4.23 | 1.09 | 24.49 | 2.23 | 17.04 | 2.02 |
| Singapore | 12.25 | 2.22 | 4.13 | 1.06 | 17.72 | 1.61 | 12.28 | 1.46 |
| Philippines | 9.72 | 1.76 | - | - | 12.49 | 1.13 | 6.70 | 0.80 |
| Bangladesh | 6.84 | 1.24 | 13.90 | 3.58 | 17.10 | 1.55 | 21.25 | 2.52 |
| Myanmar | 10.82 | 1.96 | 12.54 | 3.23 | 17.89 | 1.63 | 17.56 | 2.09 |
| Vietnam | 10.01 | 1.82 | 7.79 | 2.01 | 20.92 | 1.90 | 17.21 | 2.04 |
| Other | 54.54 | 9.89 | 35.67 | 9.18 | 108.07 | 9.82 | 66.16 | 7.86 |
| Total | 551.22 | 100.00 | 388.47 | 100.00 | 1,100.63 | 100.00 | 842.18 | 100.00 |

Cost of Sales and Gross Profit

In the 1H of 2022 and 2023, cost of sales decreased from THB 1,005.70 million to THB 762.15million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 610.07 million and the cost of Adhesive and Sealant Business for THB 395.63 million in 1H/2022; and cost of Plastic Compound Business for THB 420.17 million and costs of Adhesive and Sealant Business for THB 341.98 million in 1H/2023. With the fluctuation of chemical material costs in all 3 Business segment, the company reported slightly increased in gross profit



from 8.62% in 1H/2022 to 9.50% in 1H/2023, respectively. The following table indicates the breakdown of cost of sales by business segment.

Table 6 : Cost of sales and Gross Profit

| Cost of sales and Gross Profit | Jan-Jun 2022 | | Jan-Jun 2023 | |
|--|--------------|-----------------|--------------|---------------|
| | MB | | MB | |
| Cost of Sales : Plastic Compound Business | | 610.07 | | 420.17 |
| Cost of Sales : Adhesive | | 132.29 | | 126.30 |
| Cost of Sales : Sealant & DIY Business | | 263.34 | | 215.68 |
| Total Cost of Sales | | 1,005.70 | | 762.15 |
| Gross Profit : Plastic Compound Business | | 58.92 | | 22.06 |
| Gross Profit : Adhesive | | 11.56 | | 25.15 |
| Gross Profit : Sealant & DIY Business | | 24.45 | | 32.82 |
| Gross Profit | | 94.93 | | 80.03 |
| Gross Profit Margin : Plastic Compound | | 8.81% | | 4.99% |
| Gross Profit Margin : Adhesive | | 8.03% | | 16.60% |
| Gross Profit Margin : Sealant & DIY Business | | 8.50% | | 13.21% |
| Gross Profit Margin | | 8.62% | | 9.50% |

Overall performance, gross margin of plastic compound business decrease in 1H/2023 caused by rising production cost and weak demand during the first half of 2023, leading to the price competition among PVC for wire and cable in the market; while the global oil price has also impacted to the plastics manufacturers during 1H/2023 as the Russia-Ukraine war has been the threat of energy supply shortfall. Those rising chemical materials and rising production costs led to the negative impact of 1st half of 2023 overall margin of Plastic Compound segments. For Adhesive and Sealant products, gross margin has been rising as the material costs including Synthetic Rubber, Toluene and other solvent materials using for industrial adhesive production led to the overall increase in Gross Margin in Adhesive segment. In Sealant and DIY Business, the margin increased compared to last year as Silicone materials to be used for productions have been decreasing to the normal status with less material speculation in the markets.

Selling & Administrative Expenses

Total selling and administrative expenses in 1H/23 increased THB +30.20 million, or +52.04% from 1H/22. The increase in selling and administrative costs was mainly due to the following reasons;

Table 7 : Selling & Administrative Expenses

| Selling & Administrative Expenses | Jan-Jun 2022 | | Jan-Jun 2023 | | Increase (decrease) | |
|--|---------------|-------------|---------------|--------------|---------------------|--------------|
| | MB | % | MB | % | MB | % |
| Selling Expenses | 46.09 | 4.14 | 35.91 | 4.22 | (10.18) | (22.09) |
| Administrative Expenses | 54.47 | 4.90 | 94.85 | 11.16 | 40.38 | 74.13 |
| Selling & Administrative Expenses | 100.56 | 9.04 | 130.76 | 15.38 | 30.20 | 52.04 |



Selling Expenses

Total selling expenses decreased for THB (10.18) million or (22.09%) from THB 46.09 million of 1H/22 to THB 35.91 million in 1H/23. The decrease of selling expenses was primarily due to decrease sales revenue from domestic customers leading the decrease transportation expenses both local & oversea logistics activities associated with the decrease in sales volume. In addition, less commission was paid to sales person and sales team in accordance with decreasing in sales revenue.

Administrative Expenses

Total administrative expenses for 1H/23 significantly increased for THB 40.38 million or 74.13% from THB 54.47 million to only THB 94.85 million during the same period of last year. The significant increase of administrative expenses was mainly related to the special reserve for allowance for doubtful accounts of our one major customer in PVC compound business that might impact to the potential credit defaults in the future.

Finance Costs

When compared to the finance costs between 1H/22 and 1H/23, total finance costs increased from THB 5.55 million to THB 9.19 million, respectively. A significantly increase of finance costs for THB +3.64 million or +65.59% was mainly due to the uprising in market interest rates of commercial bank loans.

Net Profit

The Company had net loss for 1H/2023 for THB (47.43) million, or decreased of THB (47.64) million from net Profit of THB 0.27 million of 1H/2022. The lower selling price from PVC Resin and Plasticizers to be used as additive solutions went down due to the weak demand of global chemical materials around the world while the global oil price has also impacted to the plastics manufacturers during 1H/2023 as it is by products of petroleum. Besides the lower margin from weak demand of the products, our selling & administrative has been affected by the legal and advisory fees associating with the corporate restructuring on partial business transfer of ADB Sealant Co., Ltd. and accrued allowance for doubtful accounts for 1 major customers in Wire & Cable business for 100% of the total outstanding.

Financial Position

Total Assets

As at December 31, 2022 and June 30, 2023, the Company had total assets of THB 1,626.39 million and THB 1,488.83 million, respectively. The company's main assets were mainly consist of trade accounts receivable and other receivables, inventories, and property, plant and equipment. Among these assets; it can be classified as current assets for THB 1,111.83 million and THB 972.92 million and non-current assets for THB 514.56 million and THB 515.90 million, respectively.



Significant changes in assets during the 2nd Quarter of 2023 are summarized below;

1. Current Assets

Cash and cash equivalents as at December 31, 2022, and June 30, 2023, the overall cash and cash equivalents increase of THB +20.56 million was attribute to the 3 major transactions, operating activities, investment activities and financing activities. During 1H/2023, our net cash flow were received from operating activities for THB +118.03 million, mainly attributed to the decrease of inventories for THB +86.34 million and decrease of accounts receivable for THB +57.34 million. In addition, the cash has also been used for the investment of fixed assets for THB (5.86) million. In financing activities, the company has net cashflow used in financing activities for THB (118.34) million mostly to repay of short-term and long-term bank loans as our Company has less working capital to be used for material purchase in accordance with less volume and purchase price.

- Trade accounts receivable as at December 31, 2022, and June 30, 2023, trade accounts receivable decrease of THB (91.38) million was led by the lower in revenue from sales of THB (160.94) million compared to our revenue in 1H/2022.

| | For the period ended | | |
|---|----------------------|------------------|---------------|
| | Unit (MB) | 31 December 2022 | 30 June 2023 |
| Related parties | | 0.58 | 0.87 |
| Other receivables | | 448.32 | 321.52 |
| Total Receivables | | 448.90 | 322.39 |
| Less allowance for expected credit loss (ECL) | | (2.45) | (33.35) |
| Net Accounts Receivable | | 446.45 | 355.74 |

The allowance for doubtful accounts was set by considering ability to collect cash by using the percentage of outstanding balance over the different period of time. In addition, fully reserve 100% will be set once there are factors trigger to the potential credit defaults of any receivables. In 2023, we have accrued allowance for doubtful accounts for one major customer in PVC Compound business to reflect our risk on potential credit defaults and some oversea customers operated under ADB Sealant Co., Ltd. due to the delay of the payment. However, the overall collection period increased from 86 days as at 1H/22 to 76 days as at 1H/23 due to the less accounts receivable compared to the same period of last year.

- Inventories as at December 31, 2022, and June 30, 2023, a decrease in inventory of THB (89.20) million was primarily the result of decreasing stocking level of finished products and materials as well as lower material costs of finished products and materials compared to last year.



2. Non-current Assets

- Property, plant and equipment as at December 31, 2022, and June 30, 2023, a decrease in property, plant and equipment of THB (17.47) million and sale of fixed assets that has not been used for THB 4.23 million.

Total Liabilities & Shareholders' Equity

As at December 31, 2022 and June 30, 2023, the Company had total liabilities of THB 982.66 million and THB 892.24 million, respectively. The company's major liabilities were consisting of bank overdrafts and short-term borrowings from financial institutions, trade accounts payable, and other payables, and long-term loans from financial institutions. During this period, the Company had shareholders' equity of THB 643.73 million and THB 596.58 million, respectively. At the end of 1H of 2023, the Company's shareholders' equity consisted of paid-up capital of THB 363.00 million. The other shareholders' equity included share premium of THB 202.20 million, surplus on share-base payment of THB 0.31 million, appropriated to legal reserve of THB 20.64 million, unappropriated reserve of THB 10.36 million and other component of shareholders' equity of THB 0.06 million.

Significant changes in liabilities and shareholders' equity during the 2nd Quarter of 2023 are summarized below;

1. Current Liabilities

- Short-term borrowings from financial institutions as at December 31, 2022, and June 30, 2023, a decrease of short-term loan of THB (70.14) million was the result of less materials purchased and during 1H/2023.
- Trade accounts payable as at December 31, 2022, and June 30, 2023, an decrease in accounts payable of THB (15.07) million was mainly due to the increase in oversea accounts payable. During 1H/23, the average accounts payable period decreased from 66 days as at 1H/2022 to 49 days as at 1H/2023.

2. Non-current liabilities

As at June 30, 2023, the Company's non-current liabilities consisted of long-term loan of THB 1.21 million, or an decrease of THB (8.21) million mainly from long-term leasing and increase of non-current provisions for employee benefit of THB +0.48 million with the reference of the actuarial report from the actuarial experts.

3. Shareholders' equity

As at June 30, 2023, the Company's shareholders' equity of THB 596.58 or a decrease of THB (47.15) million, was the results of net loss from operation during 1H/2023.



Financial Ratio Analysis

Table 7 : Key Financial Ratios

| Financial Ratio | Unit | For the year ended 31 Dec 22 | For 3 months Ended 30 Jun 22 | For 3 months Ended 30 Jun 23 | For 6 months Ended 30 Jun 22 | For 6 months Ended 30 Jun 23 |
|----------------------------|-------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Liquidity Ratio | | | | | | |
| Current Ratio | Times | 1.20 | 1.15 | 1.17 | 1.15 | 1.17 |
| Collection Period | days | 70 | 97 | 75 | 86 | 77 |
| Inventory Period | days | 89 | 123 | 94 | 116 | 98 |
| Accounts Payable Period | days | 46 | 72 | 50 | 66 | 49 |
| Profitability Ratio | | | | | | |
| Gross Profit Margin | % | 9.31 | 10.39 | 10.29 | 8.65 | 9.50 |
| Net Profit Margin | % | (0.32) | 1.41 | (7.30) | 0.02 | (5.55) |
| Return On Equity | % | (1.04) | 1.40 | (8.90) | 1.39 | (8.76) |
| Turnover Ratio | | | | | | |
| Return on Assets | % | (0.45) | 0.52 | (3.41) | 0.55 | (3.49) |
| Asset Turnover | Times | 1.41 | 1.09 | 1.19 | 1.16 | 1.22 |
| Financial Policy | | | | | | |
| Debt to Equity | Times | 1.53 | 1.93 | 1.50 | 1.93 | 1.50 |
| Interest Coverage Ratio | Tunes | 0.56 | 2.37 | (3.23) | 2.37 | (3.23) |

1. Current Ratio

As at June 30, 2023, our liquidity ratio decreased from 1.15 times in Q2/2022 to 1.17 times in Q2/2023. For Liquidity management, the collection period decreased from 86 days in 1H/2022 to 77 days in 1H/2023, primarily due to the collection of customers' payment within normal credit terms. In addition, our inventory period also decreased from 116 days in 1H/2022 to 98 days in 1H/2023 because of our strict procurement policy for less material stocking to be reserved for orders from customers. Our accounts payable days also decreased from 66 days to 49 days in 1H/2023 compared to the same period of 1H/2022.

2. Profitability Ratio

The Company gross profit margin increased from 8.65% in 1H/2022 to 9.50% for 1H/2023. Although the gross margin of plastic compound business significantly decrease in 1H/2023 caused by rising production costs of PVC production from lower production volume of PVC for wire and cable business and fluctuation of raw material price from the global energy crisis around the world; while Adhesive and Sealant gross margin has been rising as lower material costs including Synthetic Rubber, Toluene and other solvent materials using for industrial adhesive production led to the overall increase in Gross Margin in Adhesive segment. In Sealant and DIY Business, the margin slightly



increased compared to last year as Silicone materials to be used for productions have been decreasing to the normal status with less material speculation in the markets. However, our selling & administrative has been affected by the legal and advisory fees associating with the corporate restructuring on partial business transfer of our subsidiary, ADB Sealant Co., Ltd. and special reserve on allowance for doubtful accounts of 1 major customer in PVC Compound Business. As a results, the net profit margin decreased from +0.2% in 1H/2022 to net loss of (5.55)% in 1H/2023. Additionally, Return on Equity also decreased from 1.39% in 1H/2022 to (8.76)% in 1H/2023.

3. Turnover Ratio

As at June 30, 2023, the Company return on assets decreased from 0.55% in 1H/2022 to (3.49)% in 1H/2023. However, our asset turnover increased from 1.16 times to 1.22 times in 1H/2023. While the assets increased, we can generate higher growth in revenue generated from product selling compared to the growth of asset invested.

4. Financial Policy

As at June 30, 2023, our debt-to-equity ratio decreased from 1.93 times in 1H/2022 to 1.50 times in 1H/2023 due to lower total liabilities. With the decrease of earnings before interest and tax and rising interest expenses, our interest coverage ratio dropped from 2.37 times in 1H/2022 to (3.23) times in 1H/2023.

Please be informed accordingly.

Yours Sincerely,



(Mr. Wang Wanapaison)
Chief Executive Officer